

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**EASTERN IOWA REGIONAL HOUSING AUTHORITY  
DUBUQUE, IOWA**

**June 30, 2008**

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TOSTRUD & TEMP, S.C.  
*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Eastern Iowa Regional Housing Authority  
Dubuque, Iowa

We have audited the accompanying proprietary funds statement of net assets of the Eastern Iowa Regional Housing Authority, as of June 30, 2008, and the related proprietary funds statements of revenues, expenses and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Eastern Iowa Regional Housing Authority as of June 30, 2008, and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have issued our report dated October 22, 2008, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information, including the Schedule of Expenditures of Federal Awards, required by the United States Office of Management and Budget (OMB) Circular A-133, and the Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the general purpose financial statements taken as a whole.

*Testimony of Temp, S.C.*

October 22, 2008

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2008

This section of the Eastern Iowa Regional Housing Authority, Dubuque, Iowa's annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on June 30, 2008. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

For accounting purposes, the Housing Authority is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector, where the determination of net income is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of enterprise funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

### **FINANCIAL HIGHLIGHTS**

- The term "net assets" refers to the difference between assets and liabilities. The Authority's total net assets as of June 30, 2008 were \$6,865,727. The net assets decreased by \$16,750, a decrease of 0.2% from the prior year.
- The Authority had a net decrease of \$168,886 in the Low Rent Public Housing and Capital Fund Programs, \$137,181 net increase in the Section 8 Housing Choice Voucher Program, \$2,811 net decrease in the Rural Rental Housing Loans Program, and a \$17,766 net increase in Component Units (Eastern Iowa Regional Housing Corporation - EIRHC).
- Revenues for the Authority were \$4,930,890 for the year ended June 30, 2008. This was an increase of \$470,709 or 10.6% over the prior year.
- Expenses for the Authority were \$4,947,640 for the year ended June 30, 2008. This was an increase of \$257,196 or 5.5% over the prior year.
- Rental revenue for the Authority was \$349,699 for the year ended June 30, 2008, an increase of \$53,894 or 18.2% over the prior year. Intergovernmental revenue for the Authority was \$4,453,667 for the year ended June 30, 2008, an increase of \$634,276 or 16.4% over the prior year. Revenue reported from HUD capital grants for the year ended June 30, 2008 was \$35,233, a decrease of \$32,924 or 48.3% from the prior year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report includes this *Management's Discussion and Analysis* report, the *Basic Financial Statements* and the *Notes to the Financial Statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information Required by HUD*. The Authority's financial statements are presented as fund level financial statements because the Authority only has proprietary funds.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2008

## **OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED**

### *Required Financial Statements*

The financial statements of the Housing Authority report information of the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Assets includes all the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations of the Authority creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Assets. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

### *Notes to the Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and provide more detailed data.

### *Supplemental Information*

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information Required By HUD*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authority's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended June 30, 2008 and is required to be included in the audit reporting package.

## **FINANCIAL ANALYSIS**

Net assets may serve, over time, as a useful indicator of a government's financial position. As stated in the table on the following page, assets exceeded liabilities by \$6,865,727 at the close of the year ended June 30, 2008 down from \$6,882,477 in fiscal year 2007. The decrease in net assets of \$16,750 was due to the reasons noted below.

- Current and other assets include cash, investments, receivables, prepaid expenses, and assets held for sale. Of the \$265,706 increase in this category, cash and investments increased \$180,248, receivables decreased \$18,930, prepaid expenses increased \$1,584 and assets held for sale increased \$102,804.
- Non-current assets decreased \$290,699 due to a decrease in capital assets. Capital assets decreased because current year depreciation expense exceeded current year capital asset additions. Change in capital assets is explained in section titled "Capital Assets" of this analysis.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2008

**FINANCIAL ANALYSIS - CONTINUED**

- Current liabilities include accounts payable, tenant security deposits, deferred revenue, and current portion of long-term debt. The decrease in this category of \$5,942 was mainly due to a decrease in accounts payable of \$24,931 which is amounts owed to vendors and contractors for services rendered or goods purchased in the current fiscal year, but paid in the following fiscal year.
- Non-current liabilities decreased \$2,301 due to principal payments applied to long-term debt.

The unrestricted net assets were \$1,462,125 as of June 30, 2008. This amount may be used to meet the Authority's ongoing obligations. The Authority has sufficient funds to meet requirements for cash outlays for eleven months. The restricted assets were \$140,955 as of June 30, 2008. This amount may only be used in the Housing Choice Voucher program for housing assistance payments. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net assets. The same situation held true for the prior fiscal year.

**CONDENSED STATEMENTS OF NET ASSETS**

		FY 2008	FY 2007	Dollar Change	Percent Change
Current and other assets	\$	1,765,817	\$ 1,500,111	\$ 265,706	17.7%
Non-current assets		5,624,406	5,915,105	(290,699)	-4.9%
Total Assets		<u>7,390,223</u>	<u>7,415,216</u>	<u>(24,993)</u>	<u>-0.3%</u>
Current liabilities		235,075	241,017	(5,942)	-2.5%
Non-current liabilities		289,421	291,722	(2,301)	-0.8%
Total Liabilities		<u>524,496</u>	<u>532,739</u>	<u>(8,243)</u>	<u>-1.5%</u>
Net Assets					
Invested in capital assets, net of related debt		5,262,647	5,551,211	(288,564)	-5.2%
Restricted		140,955	-	140,955	100.0%
Unrestricted		1,462,125	1,331,266	130,859	9.8%
Total Net Assets	\$	<u><u>6,865,727</u></u>	<u><u>6,882,477</u></u>	<u><u>(16,750)</u></u>	<u><u>-0.2%</u></u>

The largest portion of the Authority's net assets reflects its investment in capital assets (e.g. land, buildings and equipment) less accumulated depreciation. The Authority uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2008

**FINANCIAL ANALYSIS - CONTINUED**

The 2007 approved capital grant (501-07) totals \$218,316 and was 100.0% expended as of June 30, 2008. The following is a summary of individual grant line items, budget amount, percent expended as of 6/30/08, and development account:

<u>Line No.</u>	<u>Amount</u>	<u>Percent</u>	<u>Development Account</u>
1406	\$173,238	100.0%	Operations
1408	\$ 16,548	100.0%	Management Improvements
1450	\$ 2,513	100.0%	Site Improvements
1460	\$ 8,186	100.0%	Dwelling Structures
1465	\$ 6,023	100.0%	Dwelling Equipment
1470	\$ 4,417	100.0%	Non-Dwelling Structures
1475	\$ 7,391	100.0%	Non-Dwelling Equipment

The 2008 approved capital grant (501-08) totals \$229,019 and was 70.5% expended as of June 30, 2008. The following is a summary of individual grant line items, budget amount, percent expended as of 6/30/08, and development account:

<u>Line No.</u>	<u>Amount</u>	<u>Percent</u>	<u>Development Account</u>
1406	\$124,019	100.0%	Operations
1408	\$ 30,000	0.0%	Management Improvements
1460	\$ 54,100	0.0%	Dwelling Structures
1465	\$ 4,400	0.0%	Dwelling Equipment
1475	\$ 16,500	0.0%	Non-Dwelling Equipment

While the Statement of Net Assets shows the change in financial position of net assets, the Statements of Revenues, Expenses, and Changes in Net Assets provides answers as to the nature and source of these changes.

As can be seen in the table on the following page, total revenues increased \$458,533 due to the reasons noted below.

- Rental revenue increased \$53,894 or 18.2% mainly due to an increase in the average rent charge per unit under lease of \$25.39 or 17.5%.
- Of the \$634,276 increase in intergovernmental revenue, public housing operating subsidy received from HUD increased \$10,499, capital fund grants used for operating expenditures increased \$147,830, funding for housing choice voucher assistance increased \$480,054, revenue from resident opportunity supportive services increased \$6,081, revenue from HOME grant decreased \$11,000, and rural rental housing assistance increased \$811.
- Other operating revenue decreased \$189,696 or 77.9% primarily due to a decrease in revenue from Component Units of \$176,149.
- Interest income decreased \$13,106 or 25.1% mostly due to lower interest rates on certificates of deposit.



Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2008

**FINANCIAL ANALYSIS – CONTINUED**

**CONDENSED STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS**

	<u>FY 2008</u>	<u>FY 2007</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b>Revenues</b>				
Program revenues				
Rental income	\$ 349,699	\$ 295,805	\$ 53,894	18.2%
Intergovernmental revenue	4,453,667	3,819,391	634,276	16.6%
Other operating revenue	53,758	243,454	(189,696)	-77.9%
General revenues				
Interest income	39,108	52,214	(13,106)	-25.1%
HUD capital grants	35,233	68,157	(32,924)	-48.3%
Gain (loss) on disposal of fixed assets	(575)	(18,840)	18,265	96.9%
Total Revenues	<u>4,930,890</u>	<u>4,460,181</u>	<u>470,709</u>	<u>10.6%</u>
<b>Expenses</b>				
Administrative	1,054,382	1,035,854	18,528	1.8%
Tenant services	1,841	2,666	(825)	-30.9%
Utilities	86,972	91,862	(4,890)	-5.3%
Ordinary maintenance & operations	372,276	369,602	2,674	0.7%
General expense	54,437	122,225	(67,788)	-55.5%
Interest expense	20,412	20,855	(443)	-2.1%
Housing assistance payments	3,013,221	2,710,499	302,722	11.2%
Depreciation	344,099	336,881	7,218	2.1%
Total Expenses	<u>4,947,640</u>	<u>4,690,444</u>	<u>257,196</u>	<u>5.5%</u>
Excess (deficiency) before prior period adjustments	(16,750)	(230,263)	213,513	
Prior period adjustments	-	(33,976)	33,976	
Change in net assets	<u>(16,750)</u>	<u>(264,239)</u>	<u>247,489</u>	
Beginning net assets	6,882,477	7,146,716	(264,239)	

- HUD capital grants decreased \$32,924 from FY 2007. The Agency is allocated capital fund grants each year as determined by HUD and the amount remains relatively consistent from year to year. Revenue from HUD capital grants during the year will depend upon timing of projects as outlined in the HUD approved capital grant budget.
- Gain (loss) on disposal of fixed assets increased \$18,265 or 96.9% from FY 2007. The Authority sold one home in FY 2008 for a loss of \$575 and two homes in FY 2007 for a loss of \$18,840.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2008

**FINANCIAL ANALYSIS – CONTINUED**

Total expenses increased by \$257,196 due to the reasons noted below.

- Administrative expenses increased \$18,528 or 1.8% due to an increase in employee wages of \$9,732 or 1.4% and an increase in other administrative expenses of \$5,565 or 1.7%.
- Tenant services decreased \$825 or 30.9% from FY 2007.
- Of the \$4,890 decrease in utilities, water decreased \$187 or .1%, electricity decreased \$930 or 5.1%, gas decreased \$5,971 or 15.4%, and sewer increased \$2,198 or 11.8%.
- Ordinary maintenance & operations increased \$2,674 or .1% mostly due to an increase in maintenance labor of \$10,646 or 4.0%.
- Of the \$67,788 decrease in general expense, general insurance decreased \$249, other general expenses decreased \$65,213, payments in-lieu of taxes increased \$5,917, and bad debts decreased \$10,889.
- Interest expense decreased \$443 or 2.1% from FY 2007.
- Housing assistance payments increased \$302,722 or 11.2% primarily due to an 8.3% increase in vouchers issued and outstanding during FY 2008. Section 8 lease-up rate for FY 2008 was 97.2% compared to 89.7% for FY 2007.
- The Authority had a \$7,218 or 2.1% increase in Depreciation which is the write-off of capital assets over their estimated useful life.

EIRHA currently owns and manages 164 public housing units. These units are located in Dyersville, Bellevue, Manchester, Colesburg, Miles, Sabula, DeWitt, Holy Cross, Hopkinton, Worthington, Delmar, Preston, Peosta, and Wheatland. Overall, the projects maintain a 98.5% occupancy level. There are 85 units of elderly and 79 units of family. The family housing is scattered site single family homes and duplexes. Currently EIRHA has 4 four-bedroom units, 29 three-bedroom units, 40 two-bedroom units, and 90 one-bedroom units.

EIRHA is authorized to assist 883 households with the Housing Choice Voucher Rental Assistance Program. Of the 883 vouchers, the city of Maquoketa is given priority to their original 156 vouchers under their Annual Contributions Contract that EIRHA assumed. From July 1, 2007 through June 30, 2008, EIRHA served 166 families in the city of Maquoketa. The Section 8 lease up rate for FY 2008 was 97.2%, up from 89.7% in the prior year. EIRHA expended 99.05% of current year housing assistance received from HUD.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2008

**FINANCIAL ANALYSIS – CONTINUED**

EIRHC owns 10 one-bedroom USDA units that are designed for the elderly/handicapped/disabled, located in Grand Mound (6 units) and Worthington (4 units). EIRHC is also the general partner/developer for the 24 tax credit units known as Evergreen Meadows. This project is located in Peosta, Iowa and has 3 four-bedroom units, 11 three-bedroom units and 10 two-bedroom units. In addition, EIRHC is general partner/developer for the 32 tax credit units known as Asbury Meadows. This project is located in Asbury, Iowa and has 6 four-bedroom units, 14 three-bedroom units and 12 two-bedroom units.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets** – The Eastern Iowa Regional Housing Authority, Dubuque, Iowa's investment in capital assets, net of related debt, as of June 30, 2008 amounts to \$5,554,356 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment and construction in progress.

The total decrease in the Authority's investment in capital assets for the current fiscal year was 4.9% in terms of net book value. Actual expenditures to purchase or construct capital assets were \$53,400 for the year. Of this amount \$35,233 was used from HUD capital grants, \$7,069 was used from Section 8 administrative fee revenue, and \$11,098 was used from Rural Rental program income. The Authority has various contract commitments with contractors for the implementation of the HUD capital grants as outlined by the HUD approved Capital Grant Budget. Depreciation charges for the year totaled \$344,099. Additional information on the Authority's capital assets can be found in the notes to the financial statements of this report.

	Beginning	Additions	Depreciation	Ending
Capital assets	\$5,845,055	\$53,400	\$(344,099)	\$5,554,356

The USDA project has several mortgages that were used to purchase land and buildings for the Rural Rental Housing Assistance Program. Total mortgage debt as of June 30, 2008 is \$291,709, down from \$293,844 in FY 2007. Additional information on the Authority's long-term debt can be found in the notes to the financial statements of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Board of Commissioners and Management of the Housing Authority considered many factors when approving the fiscal year 2009 budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on occupied units and approved vacancies, utility consumption and rates, approved add-ons, formula income, and transition funding. The amount of funding is also established and approved by HUD. Formula income is based on rental income from the Authority's fiscal year ended June 30, 2004 and will not be adjusted until 2009. Operating expenses are expected to increase by the economy's inflation rate.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2008

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES - CONTINUED**

The Authority is eligible to receive \$1,446,880 for housing assistance payments for the months of July through December 2008 in the Housing Choice Voucher Program. The Authority also has \$140,955 available in HAP Reserves to be used for housing assistance payments. Based on the average housing assistance payment per unit of \$292.66 for FY 2008, the Authority will have sufficient funding and reserves to lease 100.0% of its authorized vouchers from July through December 2008. HUD has not established funding levels for the remaining six months of next fiscal year. Administrative fees for the Housing Choice Voucher program will be based on actual utilization in FY 2009 and adjusted for pro-ratio which is currently at 90.304%.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to:

Michelle Schnier  
Director of Housing and Support Services  
Eastern Iowa Regional Housing Authority  
7600 Commerce Park  
Dubuque, Iowa 52002.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**STATEMENT OF NET ASSETS - PROPRIETARY FUND**  
June 30, 2008

**ASSETS**

**Current assets**

Cash and cash equivalents	\$ 850,584
Investments	601,864
Accounts receivable	
Tenants	5,554
HUD	129,494
Other	29,602
Accrued interest	6,074
Deferred charges	17,704
Assets held for sale	124,941
Total current assets	<u>1,765,817</u>

**Non-current assets**

Capital assets, net of accumulated depreciation	5,554,356
Investment in joint ventures	70,050
Total non-current assets	<u>5,624,406</u>

**Total assets** \$ 7,390,223

**LIABILITIES AND NET ASSETS**

**Current liabilities**

Notes payable - current	\$ 2,288
Accounts payable	
Vendors	103,208
Security deposits	40,686
Accrued liabilities	
Payments in lieu of taxes	24,400
Deferred credits	15,742
Other current liabilities	48,751
Total current liabilities	<u>235,075</u>

**Non-current liabilities**

Notes payable, net of current portion	289,421
Total non-current liabilities	<u>289,421</u>
Total liabilities	<u>524,496</u>

**Net assets**

Invested in capital assets - net of related debt	5,262,647
Restricted	140,955
Unrestricted	1,462,125
Total net assets	<u>6,865,727</u>

**Total liabilities and net assets** \$ 7,390,223

The accompanying notes are an integral part of this statement.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUND**  
Year ended June 30, 2008

<b>Operating revenue</b>	
Rental income	\$ 349,699
Intergovernmental revenue	4,453,667
Other operating revenue	<u>53,758</u>
Total operating revenue	4,857,124
<b>Operating expense</b>	
Administration	1,054,382
Tenant services	1,841
Utilities	86,972
Ordinary maintenance and operations	372,276
General expense	54,437
Housing assistance payments	3,013,221
Depreciation	<u>344,099</u>
Total operating expense	<u>4,927,228</u>
Operating income (loss)	(70,104)
<b>Non-operating revenue (expense)</b>	
Interest income	39,108
Interest expense	(20,412)
HUD capital grants	35,233
Gain (loss) on disposal/sale of fixed assets	<u>(575)</u>
Total non-operating revenue	<u>53,354</u>
<b>Change in net assets</b>	(16,750)
<b>Net assets at beginning of year</b>	<u>6,882,477</u>
<b>Net assets at end of year</b>	\$ <u><u>6,865,727</u></u>

The accompanying notes are an integral part of this statement.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
Year ended June 30, 2008

**Increase (Decrease) in Cash and Cash Equivalents**

**Cash flows from operating activities**

Cash received from tenants	\$ 344,959
Cash payments to suppliers and employees	(4,590,822)
Grants received from governmental units	4,366,311
Other income received	<u>156,355</u>

Net cash provided by (used in) operating activities 276,803

**Cash flows from capital and related financing activities**

Capital expenditures	(53,403)
Proceeds from sale of property	109,548
Net cost of assets held for sale	(212,927)
HUD capital grants received	35,233
Principal payments on notes payable	(2,134)
Interest paid	<u>(8,236)</u>

Net cash provided by (used in) capital  
and related financing activities (131,919)

**Cash flows from investing activities**

Interest income received	35,362
Net investment transactions	<u>(22,757)</u>

Net cash provided by (used in) investing activities 12,605

Net increase (decrease) in cash and cash equivalents 157,489

Cash and cash equivalents at beginning of year 693,095

Cash and cash equivalents at end of year \$ 850,584

**Reconciliation of Operating Income (Loss)  
to Net Cash From Operating Activities**

Operating income (loss) \$ (82,280)

Adjustments to reconcile operating loss to net  
cash from operating activities:

Depreciation	344,099
(Increase) decrease in accounts receivable	22,677
(Increase) decrease in deferred charges	(1,585)
Increase (decrease) in accounts payable	(24,189)
Increase (decrease) in accrued liabilities	12,790
Increase (decrease) in deferred credits	<u>5,291</u>
Total adjustments	<u>359,083</u>

Net cash from operating activities \$ 276,803

The accompanying notes are an integral part of this statement.

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2008

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. Reporting Entity**

The Eastern Iowa Regional Housing Authority (EIRHA) is organized pursuant to the provisions of Chapter 403A and Chapter 28E of the Code of Iowa for the purposes of owning and providing affordable rental units and rent subsidies to low and moderate income individuals in Dubuque, Delaware, Jackson, Cedar, Clinton and Jones counties excluding the cities of Dubuque and Clinton. The Eastern Iowa Regional Housing Authority board consists of elected directors and housing commissioners from those counties.

As required by generally accepted accounting principles, these financial statements present the Eastern Iowa Regional Housing Authority and its component unit, the Eastern Iowa Regional Housing Corporation (EIRHC). Although it is legally separate from EIRHA, EIRHC is reported as if it were part of the primary government because of the significance of its operational or financial relationship with Eastern Iowa Regional Housing Authority, including having the same board of directors.

EIRHC is a non-profit corporation which owns and operates ten one-bedroom USDA units. EIRHC is also the management agent and general partner/ developer for two low-income housing tax credit projects: Evergreen Meadows and Asbury Meadows. EIRHC has entered into agreements with the Eastern Iowa Regional Housing Authority (EIRHA) and the East Central Intergovernmental Association (ECIA) for staffing services.

**2. Basis of Presentation**

The accounts of the Authority are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The Authority has the following proprietary fund:

**Enterprise Fund** - Enterprise funds are used to account for operations, (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the government body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.



Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2008

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**3. Measurement Focus and Basis of Accounting**

**Measurement Focus** - Enterprise funds are accounted for on an economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Enterprise fund type operating statements present increases (revenue) and decreases (expenses) in total net assets.

**Basis of Accounting** - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Enterprise funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. The Authority has elected pursuant to GASB Statement 20 to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

A proprietary fund distinguishes operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Housing Authority is rents collected from tenants and operating grants. Operating expenses for a proprietary fund include the cost of operating properties owned, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

**4. Cash Equivalents**

For purposes of the statements of cash flows, the Authority considers cash equivalents to include certificates of deposit having an original maturity of three months or less.

**5. Investments**

The Authority's investments are in time deposits (certificates of deposit) that are stated at fair value, which approximates cost.

**6. Accounts Receivable**

Accounts receivable have been shown at net of allowance for doubtful accounts of \$1,545.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2008

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**7. Property and Equipment**

Property and equipment is stated at cost. The cost of maintenance and repairs that do not add value to assets or materially extend asset lives is not capitalized. The capitalization policy of the Authority is to capitalize fixed assets costing more than \$500 and expected to last more than one year. Depreciation of all exhaustible property and equipment is charged as an expense against operations. Accumulated depreciation is reported on the Statement of Net Assets. Depreciation is provided for over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Buildings	40-50 years
Building and land improvements	5-20 years
Equipment	3-10 years

**8. Budgetary Process**

The Eastern Iowa Regional Housing Authority prepares an annual operating budget with formal board approval prior to the start of its fiscal year. The United States Department of Housing and Urban Development (HUD) requests the Authority keep the budget on file and to submit to HUD the calculation for operating subsidy. The Authority must prepare a revised operating budget only when total expenditures exceed the amount originally budgeted. The revised budget, if needed, is also kept on file at the Authority's office.

**9. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**10. Concentration of Revenues**

The Authority received approximately 92% of its total operating revenues from the federal government. This revenue is subject to federal government budget appropriations and potential funding reductions.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2008

**NOTE B - CASH AND INVESTMENTS**

Cash and investments as of June 30, 2008, are classified in the accompanying financial statements as follows:

Statement of net assets	
Cash and cash equivalents	\$ 850,584
Investments	601,864
	<u>\$ 1,452,448</u>

Cash and investments as of June 30, 2008 consist of the following:

	Carrying Amount	Bank Balance
Demand deposits	\$ 38,496	\$ 50,551
Savings and money market accounts	812,088	826,431
Certificates of deposit	601,864	601,864
	<u>\$ 1,452,448</u>	<u>\$ 1,478,846</u>

**Investments Authorized by the Authority's Investment Policy**

The Authority is required to invest its funds in accordance with Iowa Statutes. The Authority may consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Investment income is allocated to various funds based on their respective participation in accordance with generally accepted accounting principles. Safety of principal is the foremost objective of the Authority's investment policy.

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Authority limits its exposure to interest rate risk by investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio. The Authority also structures its investment portfolio so that securities mature to meet cash requirements, avoiding the need to sell securities in the open market prior to maturity. As of year end, the weighted average maturity of the investments in certificates of deposit is 1.36 months.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2008

**NOTE B - CASH DEPOSITS - CONTINUED**

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority minimizes its credit risk by limiting investment types and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the Authority will do business.

**Concentration of Credit Risk**

SFAS 105 defines a concentration of credit risk as an exposure to a number of counterparties engaged in similar activities and having similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Authority diversifies its investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

**Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover collateral securities that are in the possession of an outside party. The Authority's deposits at June 30, 2008 were entirely covered by FDIC insurance, collateralized with securities or letters of credit held by the Authority or the Authority's agent in the Authority's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Iowa Code. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The custodial risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Authority does not have an investment policy that would limit the exposure to custodial risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2008

**NOTE C - PROPERTY AND EQUIPMENT**

A summary of changes in property and equipment for each program follows:

	Balance July 1, 2007	Additions & Adjustments	Deletions & Adjustments	Balance June 30, 2008
<b>Public Housing</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 823,786	\$ -	\$ -	\$ 823,786
<i>Capital assets being depreciated</i>				
Land improvement	16,717	-	-	16,717
Buildings	8,824,487	59,654	-	8,884,141
Equipment	218,811	8,503	-	227,314
	<u>9,060,015</u>	<u>68,157</u>	<u>-</u>	<u>9,128,172</u>
Less accumulated depreciation	<u>4,368,468</u>	<u>329,196</u>	<u>-</u>	<u>4,697,664</u>
Subtotal	<u>5,515,333</u>	<u>(261,039)</u>	<u>-</u>	<u>5,254,294</u>
<b>Public Housing - Capital Fund Program</b>				
<i>Capital assets not being depreciated</i>				
Construction in process	59,655	-	59,655	-
<i>Capital assets being depreciated</i>				
Equipment	8,503	22,631	8,503	22,631
Building improvements	-	12,602	-	12,602
	<u>68,158</u>	<u>35,233</u>	<u>68,158</u>	<u>35,233</u>
Less accumulated depreciation	<u>1,152</u>	<u>2,992</u>	<u>1,152</u>	<u>2,992</u>
Subtotal	<u>67,006</u>	<u>32,241</u>	<u>67,006</u>	<u>32,241</u>
<b>Section 8 Housing Choice Vouchers</b>				
<i>Capital assets being depreciated</i>				
Equipment	29,566	7,069	-	36,635
Less accumulated depreciation	<u>18,899</u>	<u>6,084</u>	<u>-</u>	<u>24,983</u>
Subtotal	<u>10,667</u>	<u>985</u>	<u>-</u>	<u>11,652</u>
<b>EIRHC - USDA Housing</b>				
<i>Capital assets not being depreciated</i>				
Land	19,664	-	-	19,664
<i>Capital assets being depreciated</i>				
Buildings	313,461	-	-	313,461
Building improvements	-	11,100	-	11,100
Furniture and equipment	<u>15,664</u>	<u>-</u>	<u>-</u>	<u>15,664</u>
	<u>348,789</u>	<u>11,100</u>	<u>-</u>	<u>359,889</u>
Less accumulated depreciation	<u>96,740</u>	<u>6,980</u>	<u>-</u>	<u>103,720</u>
Subtotal	<u>252,049</u>	<u>4,120</u>	<u>-</u>	<u>256,169</u>
Total	\$ <u>5,845,055</u>	\$ <u>(223,693)</u>	\$ <u>67,006</u>	\$ <u>5,554,356</u>

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2008

**NOTE D - NOTES PAYABLE**

Details of the Housing Authority's notes payable are set forth below:

	Balance at July 1, 2007	Additions	Reductions	Balance at June 30, 2008
Notes payable	\$ <u>293,844</u>	\$ <u>-</u>	\$ <u>2,135</u>	\$ <u>291,709</u>

Notes payable for EIRHC are payable to United States Department of Agriculture, Rural Housing Services (USDA-RHS). The following mortgage notes payable to USDA-RHS at June 30, 2008 are as follows:

6.5% first mortgage note payable	\$ 112,560
7.25% first mortgage note payable	<u>179,149</u>
	291,709
Less current maturities	<u>2,288</u>
LONG-TERM OBLIGATIONS	<u>\$ 289,421</u>

United States Department of Agriculture, Rural Housing Services (USDA-RHS) is subsidizing the interest payable on the first mortgage notes, thereby effectively reducing the interest rate to 1%. The USDA-RHS notes are secured by real property and rents and profits of the Authority's USDA Housing Program.

Principal and interest maturities on notes payable are as follows:

<u>Year ended June 30,</u>	<u>EIRHC-Rural Development</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 2,288	\$ 20,232
2010	2,453	20,067
2011	2,630	19,890
2012	2,819	19,701
2013	3,022	19,498
2014-2018	18,715	93,887
2019-2023	26,518	86,084
2024-2028	37,587	75,015
2029-2033	53,293	59,309
2034-2038	75,584	37,018
2039-2043	61,507	9,821
2044	<u>5,293</u>	<u>121</u>
	<u>\$ 291,709</u>	<u>\$460,643</u>

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2008

**NOTE E - ACTIVITIES OF THE HOUSING AUTHORITY**

The Eastern Iowa Regional Housing Authority owns and manages 18 Public Housing Projects totaling 163 units in several locations.

The Eastern Iowa Regional Housing Authority is authorized to issue 883 vouchers under the Section 8 Housing Choice Voucher Program. At June 30, 2008, 862 vouchers were under lease in the six-county area served by the Eastern Iowa Regional Housing Authority.

**NOTE F - RELATED PARTY**

The Eastern Iowa Regional Housing Authority, related to the East Central Intergovernmental Association through common management, is provided management services and office space. During the year ended June 30, 2008, the Eastern Iowa Regional Housing Authority paid East Central Intergovernmental Association \$1,131,085 for such services.

**NOTE G - RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past four years.

**NOTE H - CONTINGENT LIABILITY**

Eastern Iowa Regional Housing Corporation (EIRHC) includes Eastern Iowa Development Corporation (EIDC) a wholly-owned subsidiary of EIRHC. EIDC is the general partner and .01% owner of a limited partnership, Eastern Iowa Regional Partnership, L.L.L.P., which was formed for the development and operations of affordable housing in Peosta, Iowa and .01% owner of a limited partnership, Asbury E.I.R.P., L.L.L.P., which was formed for the development and operations of housing for low-income persons in Asbury, Iowa.

**NOTE I - DUE FROM/TO OTHER PROGRAMS**

For the Statement of Net Assets, the following individual program interfund receivable and payable balances at June 30, 2008, which are within business-type activities, are netted and eliminated.

<u>Program</u>	<u>Due From</u>	<u>Due To</u>
Low Rent Public Housing	\$248,711	\$ -
Capital Fund Program	-	123,770
Business Activities	-	124,941
Totals	<u>\$248,711</u>	<u>\$248,711</u>

**SUPPLEMENTAL DATA**



Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**STATEMENT OF NET ASSETS BY PROGRAM**  
June 30, 2008

	Low Rent Public Housing	Public Housing Capital Fund	Section 8 Housing Choice Vouchers	Resident Opportunity & Supportive Services	Business Activities	USDA Housing Programs	EIRHC Tax Credit Programs	Subtotal	Total
<b>ASSETS</b>									
<b>Current assets</b>									
Cash and cash equivalents	\$ 212,068	\$ -	\$ 267,985	\$ -	\$ -	\$ 46,262	\$ 324,269	\$ 370,531	\$ 850,584
Investments	325,000	-	276,864	-	-	-	-	-	601,864
Accounts receivable									
Tenants	5,554	-	-	-	-				
HUD	-	124,019	-	5,475	-	-		-	5,554
Other	4,757	-	24,845	-	-	-		-	129,494
Accrued interest	4,595	-	1,479	-	-	-		-	29,602
Deferred charges	15,265	-	2,439	-	-	-		-	6,074
Due from other programs	248,711	-	-	-	-	-		-	17,704
Assets held for sale	-	-	-	-	-	-		-	248,711
Total current assets	<u>815,950</u>	<u>124,019</u>	<u>573,612</u>	<u>5,475</u>	<u>124,941</u>	<u>46,262</u>	<u>324,269</u>	<u>370,531</u>	<u>2,014,528</u>
<b>Non-current assets</b>									
Capital assets, net of accumulated depreciation	5,254,294	32,241	11,652	-	-	256,169	-	256,169	5,554,356
Investment in joint ventures	-	-	-	-	-	-	70,050	70,050	70,050
Total non-current assets	<u>5,254,294</u>	<u>32,241</u>	<u>11,652</u>	<u>-</u>	<u>-</u>	<u>256,169</u>	<u>70,050</u>	<u>326,219</u>	<u>5,624,406</u>
<b>Total assets</b>	<u>\$ 6,070,244</u>	<u>\$ 156,260</u>	<u>\$ 585,264</u>	<u>\$ 5,475</u>	<u>\$ 124,941</u>	<u>\$ 302,431</u>	<u>\$ 394,319</u>	<u>\$ 696,750</u>	<u>\$ 7,638,934</u>
<b>LIABILITIES AND NET ASSETS</b>									
<b>Current liabilities</b>									
Notes payable - current	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,288	\$ -	\$ 2,288	\$ 2,288
Accounts payable									
Vendors	52,404	249	44,980	5,475	-	-	100	100	103,208
Security deposits	38,119	-	-	-	-	2,567	-	2,567	40,686
Accrued liabilities									
Payments in lieu of taxes	24,400	-	-	-	-	-	-	-	24,400
Deferred credits	8,727	-	6,832	-	-	183	-	183	15,742
Other current liabilities	13,252	-	35,499	-	-	-	-	-	48,751
Due to other programs	-	123,770	-	-	124,941	-	-	-	248,711
Total current liabilities	<u>136,902</u>	<u>124,019</u>	<u>87,311</u>	<u>5,475</u>	<u>124,941</u>	<u>5,038</u>	<u>100</u>	<u>5,138</u>	<u>483,786</u>
<b>Non-current liabilities</b>									
Notes payable, net of current portion	-	-	-	-	-	289,421	-	289,421	289,421
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>289,421</u>	<u>-</u>	<u>289,421</u>	<u>289,421</u>
Total liabilities	<u>136,902</u>	<u>124,019</u>	<u>87,311</u>	<u>5,475</u>	<u>124,941</u>	<u>294,459</u>	<u>100</u>	<u>294,559</u>	<u>773,207</u>
<b>Net assets</b>									
Invested in capital assets - net of related debt	5,254,294	32,241	11,652	-	-	(35,540)	-	(35,540)	5,262,647
Restricted	-	-	140,955	-	-	-	-	-	140,955
Unrestricted	679,048	-	345,346	-	-	43,512	394,219	437,731	1,462,125
Total net assets	<u>5,933,342</u>	<u>32,241</u>	<u>497,953</u>	<u>-</u>	<u>-</u>	<u>7,972</u>	<u>394,219</u>	<u>402,191</u>	<u>6,865,727</u>
<b>Total liabilities     and net assets</b>	<u>\$ 6,070,244</u>	<u>\$ 156,260</u>	<u>\$ 585,264</u>	<u>\$ 5,475</u>	<u>\$ 124,941</u>	<u>\$ 302,431</u>	<u>\$ 394,319</u>	<u>\$ 696,750</u>	<u>\$ 7,638,934</u>

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY PROGRAM**  
Year ended June 30, 2008

	Low Rent Public Housing	Public Housing Capital Fund	Section 8 Housing Choice Vouchers	Resident Opportunity & Supportive Services	Business Activities	USDA Housing Programs	EIRHC Tax Credit Programs	Subtotal	Total
<b>Operating revenue</b>									
Rental income	\$ 325,163	\$ -	\$ -	\$ -	\$ -	\$ 24,536	\$ -	\$ 24,536	\$ 349,699
Intergovernmental revenue	315,289	307,103	3,738,374	64,240	11,000	17,661	-	17,661	4,453,667
Other operating revenue	8,702	-	22,834	-	-	943	21,279	22,222	53,758
Total operating revenue	649,154	307,103	3,761,208	64,240	11,000	43,140	21,279	64,419	4,857,124
<b>Operating expense</b>									
Administration	359,519	6,567	609,341	64,240	-	3,793	10,922	14,715	1,054,382
Tenant services	1,841	-	-	-	-	-	-	-	1,841
Utilities	81,160	-	-	-	-	5,812	-	5,812	86,972
Ordinary maintenance and operations	354,360	3,278	6,813	-	-	7,825	-	7,825	372,276
General expense	50,040	-	3,074	-	-	1,323	-	1,323	54,437
Housing assistance payments	-	-	3,013,221	-	-	-	-	-	3,013,221
Depreciation	328,045	2,992	6,083	-	-	6,979	-	6,979	344,099
Total operating expense	1,174,965	12,837	3,638,532	64,240	-	25,732	10,922	36,654	4,927,228
Operating income (loss)	(525,811)	294,266	122,676	-	11,000	17,408	10,357	27,765	(70,104)
<b>Non-operating revenue (expense)</b>									
Interest income	17,001	-	14,505	-	-	193	7,409	7,602	39,108
Interest expense	-	-	-	-	-	(20,412)	-	(20,412)	(20,412)
HUD capital grants	-	35,233	-	-	-	-	-	-	35,233
Gain (loss) on disposal/sale of fixed assets	-	-	-	-	(575)	-	-	-	(575)
Total non-operating revenue (expense)	17,001	35,233	14,505	-	(575)	(20,219)	7,409	(12,810)	53,354
Change in net assets before transfers	(508,810)	329,499	137,181	-	10,425	(2,811)	17,766	14,955	(16,750)
Operating transfer	307,682	(297,257)	-	-	(10,425)	-	-	-	-
Equity transfer	67,007	(67,007)	-	-	-	-	-	-	-
<b>Change in net assets</b>	(134,121)	(34,765)	137,181	-	-	(2,811)	17,766	14,955	(16,750)
<b>Net assets at beginning of year</b>	6,067,463	67,006	360,772	-	-	10,783	376,453	387,236	6,882,477
<b>Net assets at end of year</b>	\$ 5,933,342	\$ 32,241	\$ 497,953	\$ -	\$ -	\$ 7,972	\$ 394,219	\$ 402,191	\$ 6,865,727

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**STATEMENT OF CASH FLOWS BY PROGRAM**  
Year ended June 30, 2008

	Low Rent Public Housing	Public Housing Capital Fund	Section 8 Housing Choice Vouchers	Resident Opportunity & Supportive Services	Business Activities	USDA Housing Programs	EIRHC Tax Credit Programs	Subtotal	Total
<b>Increase (Decrease) in Cash and Cash Equivalents</b>									
<b>Cash flows from operating activities</b>									
Cash received from tenants	\$ 320,325	\$ -	\$ -	\$ -	\$ -	\$ 24,634	\$ -	\$ 24,634	\$ 344,959
Cash payments to suppliers and employees	(839,191)	(9,596)	(3,631,341)	(63,837)	-	(18,231)	(28,626)	(46,857)	(4,590,822)
Grants received from governmental units	340,877	201,425	3,738,374	69,150	11,000	5,485	-	5,485	4,366,311
Other income received	3,945	-	12,163	-	-	943	139,304	140,247	156,355
Net cash provided by (used in) operating activities	(174,044)	191,829	119,196	5,313	11,000	12,831	110,678	123,509	276,803
<b>Cash flows from non-capital financing activities operating transfers</b>	307,682	(297,257)	-	-	(10,425)	-	-	-	-
<b>Cash flows from capital and related financing activities</b>									
Due to/due from other programs	(202,920)	105,429	-	(5,313)	102,804	-	-	-	-
Capital expenditures	-	(35,234)	(7,069)	-	-	(11,100)	-	(11,100)	(53,403)
Proceeds from sale of property	-	-	-	-	109,548	-	-	-	109,548
Net cost of assets held for sale	-	-	-	-	(212,927)	-	-	-	(212,927)
HUD capital grants received	-	35,233	-	-	-	-	-	-	35,233
Principal payments on notes payable	-	-	-	-	-	(2,134)	-	(2,134)	(2,134)
Interest paid	-	-	-	-	-	(8,236)	-	(8,236)	(8,236)
Net cash provided by (used in) capital and related financing activities	(202,920)	105,428	(7,069)	(5,313)	(575)	(21,470)	-	(21,470)	(131,919)
<b>Cash flows from investing activities</b>									
Interest income received	12,407	-	15,353	-	-	193	7,409	7,602	35,362
Net investment transactions	(8,645)	-	(14,112)	-	-	-	-	-	(22,757)
Investment in joint venture	-	-	-	-	-	-	-	-	-
Net cash provided by (used in) investing activities	3,762	-	1,241	-	-	193	7,409	7,602	12,605
Net increase (decrease) in cash and cash equivalents	(65,520)	-	113,368	-	-	(8,446)	118,087	109,641	157,489
Cash and cash equivalents at beginning of year	277,588	-	154,617	-	-	54,708	206,182	260,890	693,095
Cash and cash equivalents at end of year	<u>\$ 212,068</u>	<u>\$ -</u>	<u>\$ 267,985</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,262</u>	<u>\$ 324,269</u>	<u>\$ 370,531</u>	<u>\$ 850,584</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities</b>									
Operating income (loss)	\$ (525,811)	\$ 294,266	\$ 122,676	\$ -	\$ 11,000	\$ 5,232	\$ 10,357	\$ 15,589	\$ (82,280)
Adjustments to reconcile operating loss to net cash from operating activities:									
Depreciation	328,045	2,992	6,083	-	-	6,979	-	6,979	344,099
(Increase) decrease in accounts receivable	15,993	(105,678)	(10,671)	4,910	-	98	118,025	118,123	22,677
(Increase) decrease in deferred charges	(1,363)	-	(222)	-	-	-	-	-	(1,585)
Increase (decrease) in accounts payable	(1,974)	249	(5,502)	403	-	339	(17,704)	(17,365)	(24,189)
Increase (decrease) in accrued liabilities	12,790	-	-	-	-	-	-	-	12,790
Increase (decrease) in deferred credits	(1,724)	-	6,832	-	-	-	-	-	5,291
Total adjustments	351,767	(102,437)	(3,480)	5,313	-	7,599	100,321	107,920	359,083
Net cash from operating activities	<u>\$ (174,044)</u>	<u>\$ 191,829</u>	<u>\$ 119,196</u>	<u>\$ 5,313</u>	<u>\$ 11,000</u>	<u>\$ 12,831</u>	<u>\$ 110,678</u>	<u>\$ 123,509</u>	<u>\$ 276,803</u>

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year ended June 30, 2008

<u>Federal Grantor</u>	<u>Federal C.F.D.A. Number</u>	<u>Accrual Basis Amount</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
Low-Rent Public Housing		
Operating subsidy	14.850a	\$ 315,289
Capital Fund Program	14.872	342,336
Housing Assistance Payment Program		
Housing Choice Vouchers	*14.871	3,738,374
Resident Opportunity and Supportive Services	14.870	64,240
Home Investments Partnership Program	14.239	11,000
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
Rural Rental Housing Loans	10.415	<u>17,661</u>
<b>TOTAL FEDERAL AWARDS</b>		<b>\$ <u><u>4,488,900</u></u></b>

\* Denotes major program

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa

**STATEMENT AND CERTIFICATION OF  
CAPITAL FUND PROGRAM COSTS**  
Year ended June 30, 2008

1. The Actual Capital Fund Program costs are as follows:

	Project IA05P126	
	501-06	502-06
Funds approved	\$ 209,688	\$ 17,741
Funds expended	<u>209,688</u>	<u>17,741</u>
Excess	\$ <u>-</u>	\$ <u>-</u>
Funds advanced		
Capital fund grant	\$ 209,688	\$ 17,741
Funds expended	<u>209,688</u>	<u>17,741</u>
Excess	\$ <u>-</u>	\$ <u>-</u>

2. The Actual Modernization Cost Certificates (HUD-53001) dated July 19, 2007 as submitted to HUD for approval are in agreement with the PHA's records.
3. All capital fund program costs have been paid and all related liabilities have been discharged through payment.

## Eastern Iowa Regional Housing Authority

Dubuque, Iowa

**FINANCIAL DATA SCHEDULE**

June 30, 2008

Line Item Number	Account Description	Business Activities	Rural Rental Housing Loans 10.415	HOME Investment Partnerships Program	Low- Rent Public Housing 14.850	Resident Opportunity & Supportive Services 14.870	Section 8 Housing Choice Vouchers 14.871	Public Housing Capital Fund Program 14.872	Component Unit	Total
111	Cash - unrestricted	-	15,942	-	160,697	-	127,030	-	324,269	627,938
113	Cash - other restricted	-	27,753	-	13,252	-	140,955	-	-	181,960
114	Cash - tenant security deposits	-	2,567	-	38,119	-	-	-	-	40,686
100	Total cash	-	46,262	-	212,068	-	267,985	-	324,269	850,584
122	Accounts receivable - HUD	-	-	-	124,019	5,475	-	-	-	129,494
125	Accounts receivable - miscellaneous	-	-	-	4,757	-	24,845	-	-	29,602
126	Accounts receivable-tenants-dwelling rents	-	-	-	6,054	-	-	-	-	6,054
126.1	Allowance for doubtful accounts - tenants	-	-	-	(500)	-	-	-	-	(500)
129	Accrued interest receivable	-	-	-	4,595	-	1,479	-	-	6,074
120	Total receivables, net of allowances for doubtful accounts	-	-	-	138,925	5,475	26,324	-	-	170,724
131	Investments - unrestricted	-	-	-	325,000	-	276,864	-	-	601,864
142	Prepaid expenses	-	-	-	15,265	-	2,439	-	-	17,704
144	Interprogram due from	-	-	-	124,941	-	-	-	-	124,941
145	Assets held for sale	124,941	-	-	-	-	-	-	-	124,941
150	Total current assets	124,941	46,262	-	816,199	5,475	573,612	-	324,269	1,890,758
161	Land	-	19,664	-	823,786	-	-	-	-	843,450
162	Buildings	-	313,461	-	8,884,141	-	-	-	-	9,197,602
163	Furniture, equipment and machinery-dwellings	-	14,520	-	32,993	-	-	-	-	47,513
164	Furniture, equipment and machinery - administration	-	1,144	-	216,952	-	36,635	-	-	254,731
165	Leasehold improvements	-	11,100	-	29,319	-	-	-	-	40,419
166	Accumulated depreciation	-	(103,720)	-	(4,700,656)	-	(24,983)	-	-	(4,829,359)
160	Total fixed assets, net of accumulated depreciation	-	256,169	-	5,286,535	-	11,652	-	-	5,554,356
176	Investments in joint ventures	-	-	-	-	-	-	-	70,050	70,050
180	Total non-current assets	-	256,169	-	5,286,535	-	11,652	-	70,050	5,624,406
190	Total assets	124,941	302,431	-	6,102,734	5,475	585,264	-	394,319	7,515,164
312	Accounts payable <=90 days	-	-	-	52,653	5,475	44,980	-	100	103,208
333	Accounts payable - other government	-	-	-	24,400	-	-	-	-	24,400
341	Tenant security deposits	-	2,567	-	38,119	-	-	-	-	40,686
342	Deferred revenues	-	183	-	8,727	-	6,832	-	-	15,742
343	Current portion of a long-term debt - capital projects/mortgage revenue bonds	-	2,288	-	13,252	-	35,499	-	-	51,039
347	Interprogram due to	124,941	-	-	-	-	-	-	-	124,941
310	Total current liabilities	124,941	5,038	-	137,151	5,475	87,311	-	100	360,016
351	Long-term debt, net of current - capital projects/mortgage revenue bonds	-	289,421	-	-	-	-	-	-	289,421
350	Total noncurrent liabilities	-	289,421	-	-	-	-	-	-	289,421
300	Total liabilities	124,941	294,459	-	137,151	5,475	87,311	-	100	649,437
508.1	Invested in capital assets, net of related debt	-	(35,540)	-	5,286,535	-	11,652	-	-	5,262,647
511.1	Restricted	-	-	-	-	-	140,955	-	-	140,955
512.1	Unrestricted net assets	-	43,512	-	679,048	-	345,346	-	394,219	1,462,125
513	Total equity/net assets	-	7,972	-	5,965,583	-	497,953	-	394,219	6,865,727
600	Total liabilities and equity/net assets	124,941	302,431	-	6,102,734	5,475	585,264	-	394,319	7,515,164
70300	Net tenant rental revenue	-	24,536	-	325,163	-	-	-	-	349,699
70500	Total tenant revenue	-	24,536	-	325,163	-	-	-	-	349,699

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**FINANCIAL DATA SCHEDULE - CONTINUED**  
June 30, 2008

Line Item Number	Account Description	Business Activities	Rural Rental Housing Loans 10.415	HOME Investment Partnerships Program	Low- Rent Public Housing 14.850	Resident Opportunity & Supportive Services 14.870	Section 8 Housing Choice Vouchers 14.871	Public Housing Capital Fund Program 14.872	Component Unit	Total
70600	HUD PHA operating grants	-	-	11,000	315,289	64,240	3,738,374	307,103	-	4,436,006
70610	Capital grants	-	-	-	-	-	-	35,233	-	35,233
70800	Other government grants	-	17,661	-	-	-	-	-	-	17,661
71100	Investment income - unrestricted	-	193	-	17,001	-	13,719	-	7,409	38,322
71300	Proceeds from disposition of assets held for sale	109,548	-	-	-	-	-	-	-	109,548
71310	Cost of sale of assets	(110,123)	-	-	-	-	-	-	-	(110,123)
71400	Fraud recovery	-	-	-	-	-	9,566	-	-	9,566
71500	Other revenue	-	943	-	8,702	-	13,268	-	21,279	44,192
72000	Investment income - restricted	-	-	-	-	-	786	-	-	786
70000	Total revenue	(575)	43,333	11,000	666,155	64,240	3,775,713	342,336	28,688	4,930,890
91100	Administrative salaries	-	1,317	-	216,701	-	489,747	-	-	707,765
91200	Auditing fees	-	550	-	2,475	-	2,475	-	-	5,500
91300	Outside management fees	-	1,318	-	-	-	-	-	-	1,318
91600	Other operating - administrative	-	608	-	140,343	64,240	117,119	6,567	10,922	339,799
92400	Tenant services - other	-	-	-	1,841	-	-	-	-	1,841
93100	Water	-	885	-	14,696	-	-	-	-	15,581
93200	Electricity	-	3,231	-	14,199	-	-	-	-	17,430
93300	Gas	-	-	-	32,882	-	-	-	-	32,882
93800	Other utilities expense	-	1,696	-	19,383	-	-	-	-	21,079
94100	Ordinary maintenance & operations - labor	-	-	-	258,022	-	-	-	-	258,022
94200	Ordinary maintenance & operations - materials and others	-	602	-	31,721	-	-	3,278	-	35,601
94300-01	Garbage and trash removal contracts	-	986	-	-	-	-	-	-	986
94300-03	Snow removal contracts	-	4,009	-	29,796	-	-	-	-	33,805
94300-04	Elevator maintenance contracts	-	-	-	2,412	-	-	-	-	2,412
94300-05	Landscape & grounds contracts	-	-	-	450	-	-	-	-	450
94300-06	Unit turnaround contracts	-	-	-	124	-	-	-	-	124
94300-08	Plumbing contracts	-	-	-	130	-	-	-	-	130
94300-09	Extermination contracts	-	178	-	210	-	-	-	-	388
94300-10	Janitorial contracts	-	2,050	-	63	-	-	-	-	2,113
94300-11	Routine maintenance contracts	-	-	-	31,432	-	6,813	-	-	38,245
94300	Total ordinary maintenance & operations - contract costs	-	7,223	-	64,617	-	6,813	-	-	78,653
96100	Insurance premiums	-	1,323	-	25,140	-	3,074	-	-	29,537
96300	Payments in lieu of taxes	-	-	-	24,400	-	-	-	-	24,400
96400	Bad debt - tenant rents	-	-	-	500	-	-	-	-	500
96700	Interest expense	-	20,412	-	-	-	-	-	-	20,412
96900	Total operating expenses	-	39,165	-	846,920	64,240	619,228	9,845	10,922	1,590,320
97000	Excess operating revenue over operating expenses	(575)	4,168	11,000	(180,765)	-	3,156,485	332,491	17,766	3,340,570
97300	Housing assistance payments	-	-	-	-	-	3,013,221	-	-	3,013,221
97400	Depreciation expense	-	6,979	-	328,045	-	6,083	2,992	-	344,099
90000	Total expenses	-	46,144	-	1,174,965	64,240	3,638,532	12,837	10,922	4,947,640
1001	Operating transfers in	575	-	-	308,257	-	-	-	-	308,832
1002	Operating transfers out	-	-	(11,000)	(575)	-	-	(297,257)	-	(308,832)
1010	Total other financing sources (uses)	575	-	(11,000)	307,682	-	-	(297,257)	-	-
1000	Excess (deficiency) of operating revenue over (under) expenses	-	(2,811)	-	(201,128)	-	137,181	32,242	17,766	(16,750)
1103	Beginning equity	-	10,783	-	6,067,463	-	360,772	67,006	376,453	6,882,477
1104	Prior period adjustments, equity transfers and correction of errors	-	-	-	99,248	-	-	(99,248)	-	-
1120	Unit months available	-	120	-	1,956	-	10,596	-	672	13,344
1121	Number of unit months leased	-	119	-	1,929	-	10,296	-	672	13,016
1117	Administrative fee equity	-	-	-	-	-	356,988	-	-	356,988
1118	Housing assistance payments equity	-	-	-	-	-	140,955	-	-	140,955

#### **OTHER REPORTS**



# TOSTRUD & TEMP, S.C.

*Certified Public Accountants*

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Eastern Iowa Regional Housing Authority  
Dubuque, Iowa

We have audited the financial statements of the Eastern Iowa Regional Housing Authority, Dubuque, Iowa as of and for the year ended June 30, 2008 and have issued our report thereon dated October 22, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

## **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information of the Authority's management, and the board of commissioners and grantor agencies. However, this report is a matter of public record and its distribution is not limited.

*Testrud & Temp, S.C.*

October 22, 2008

# TOSTRUD & TEMP, S.C.

*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO MAJOR PROGRAMS AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

Board of Directors  
Eastern Iowa Regional Housing Authority  
Dubuque, Iowa

## **Compliance**

We have audited the compliance of the Eastern Iowa Regional Housing Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2008. The Authority's major federal program is identified in the Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

## Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the governing board, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Testrud & Temp, S.C.*

October 22, 2008

Eastern Iowa Regional Housing Authority  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year ended June 30, 2008

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? ☐ yes ☒ no

Significant deficiency(ies) identified not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to the financial statements? ☐ yes ☒ no

Federal Awards

Internal control over financial reporting:

Material weakness identified? ☐ yes ☒ no

Significant deficiency(ies) identified not considered to be material weaknesses? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133 Section .510(1)? ☐ yes ☒ no

Identification of major federal program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Voucher Program

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee qualified as a low-risk auditee? ☒ yes ☐ no

**Section II - Financial Statement Findings**

NONE

**Section III - Federal Findings and Questioned Costs**

NONE

**Status of Prior Audit Findings**

There were no prior year audit findings.